

2008-2009 PERFORMANCE PLAN – Portfolio Manager, Fixed Income (M. Claybar)

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Quantitative Performance Measures

| Weight | Factor | Performance Measure | Incentive Schedule |
|--------|--|--|--|
| 30% | CalPERS Domestic Fixed Income (FI), Internal | Net of Fees, excess return in basis points relative to: Domestic Fixed Income (FI), Internal – CalPERS Custom LEH LPF {SW4KA1 – CALCCLP2} | 0 basis points = 0 +40 basis points = 1.0 +60 basis points = 1.5 |
| 20% | CalPERS Internally Managed Corporate Bonds | Net of Fees, excess return in basis points relative to: Internally Managed Corporate Bond Portfolio – CalPERS Corp X Sov {SN5KA1 – CALCOXS2} | 0 basis points = 0 +40 basis points = 1.0 +60 basis points = 1.5 |
| 35% | CalPERS Asset Based Lending | Net of Fees, excess return in basis points relative to: CalPERS Asset Based Lending – PERS Custom Daily LIBOR {SW7F – CPERLIB2} | 0 basis points = 0 +150 basis points = 1.0 +225 basis points = 1.5 |
| 85% | Subtotal | Quantitative Measures | |

Qualitative Performance Measures

| Weight | Factor | Performance Measure | Incentive Schedule |
|--------|------------|--|--------------------|
| 15% | Leadership | <i>Human Resources staff is working with the Interim Chief Investment Officer to develop the qualitative leadership performance measures which will be presented for second reading.</i> | From Schedule |
| 15% | Subtotal | Qualitative Measures | |
| 100% | Total | Quantitative and Qualitative Measures | |